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SPECIAL
REPORT

Myth vs. Reality: Republicans and Democrats on Pay Equity

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Myth vs. Reality: Republicans and Democrats on Pay Equity

“If there ever was a menacing but imaginary hobgoblin, it is the systemic sex discrimination supposedly causing a 26 percent ‘wage gap’ between men and women.”

— Senate Republican Policy Committee report, April 5, 1999

The positions of Senate Democrats and Republicans on pay equity could not be more different. While Republicans deny the pay gap exists and oppose legislation to address pay inequities in the workplace, Democrats believe American women and their families experience significant hardships as the result of pervasive, unfair pay disparities between women and men.

This report responds to the myths advanced by Republicans on the issue of pay equity, and sets the record straight on the common-sense legislation supported by Senate Democrats to address a problem that costs American families an estimated \$200 billion per year.

Myth: *The pay gap doesn't really exist.*

In a report published by the Senate Republican Policy Committee, Republicans claim that the pay gap for women is actually 98 cents for every dollar earned by a man and that the remaining two cent gap could be accounted for by measuring errors and “unaccounted for differences” between men and women. (*Senate Republican Policy Committee report, April 5, 1999*)

The report also argues that the “2-cent adjusted wage gap could also be more than made up for by the non-monetary benefits of female-dominated jobs, including better supervisors, fewer risks, easier commutes, and more flexible hours.”

Reality: *According to the Census Bureau, for full time workers, the median weekly earnings of a woman in 1998 was 73 cents for every dollar earned by a white male.*

A 1998 study by the Bureau of Labor Statistics (BLS) also concludes that among the 20 leading occupations of employed women, the annual average ratio of women's earnings to men's earnings was less in all 20 occupations. Significantly, the BLS study found that the pay gap affects women regardless of race or education level.

Myth: *Current law sufficiently addresses any pay inequities in the workplace.*

Republicans believe that current law sufficiently addresses pay inequities in the workplace.

Reality: *Current law has helped women make significant advances in pay equity, but statistics show that women still face a 27 cent wage gap and that the law must be modified and augmented.*

- Since 1963, the median pay for women has risen from 59 cents to 73 cents. (U.S. Census Bureau, 1998)
- Women who work year-round, full-time earn \$25,862 compared to \$35,345 for men. (*Bureau of the Census, 1998*)

- The pay of well-educated women still falls short of men. A woman with a master's degree makes \$18,166 less than her male counterpart. (*National Committee on Pay Equity, 1998*)
- African American women earn only 63 cents and Hispanic women only 53 cents for every dollar that men of their ethnic group earn. (*Bureau of the Census, 1998*)

Myth: *The pay gap does not have a significant impact on American families.*

Republicans claim that the pay gap does not adversely affect American women and their families.

Reality: *According to the Census Bureau, the average American woman loses approximately \$523,000 in wages and benefits over a lifetime because of wage inequality.*

- The wage gap annually costs America's working families \$200 billion — an average loss of more than \$4,000 each for working women's families. (*AFL-CIO and the Institute for Women's Policy Research, 1998*)
- If married women were paid the same as men, their family incomes would rise nearly six percent, and their families' rate of poverty would fall from 2.1 percent to 0.8 percent. (*AFL-CIO and the Institute for Women's Policy Research, 1998*)
- If single working mothers earned as much as their male counterparts, their family incomes would increase by nearly 17 percent, and their poverty rates would be cut in half, from 25.3 percent to 12.6 percent. (*AFL-CIO and the Institute for Women's Policy Research, 1998*)
- If single women earned as much as their male counterparts, their incomes would rise by 13.4 percent, and their poverty rates would be reduced from 6.3 percent to one percent. (*AFL-CIO and the Institute for Women's Policy Research, 1998*)

Democrats Support Advances in Pay Equity

To close wage disparities, Democrats have proposed two bills — **S. 74**, the *Paycheck Fairness Act*, and **S. 702**, the *Fair Pay Act*.

S. 74, the *Paycheck Fairness Act*, would:

- end the “gag rule” that many employers place on discussions of salaries among employees, so that employees have more information to negotiate for compensation, and when necessary, take action to assert their rights under the law;
- require the EEOC to develop a new regulation governing the collection of wage data in order to improve our understanding of pay dynamics in America and to improve enforcement of federal equal pay laws;
- toughen the remedy provisions of the *Equal Pay Act*, to allow for compensatory and punitive damages, when appropriate, in order to make the penalties for wage discrimination on the basis of sex the same as the penalties for discrimination on the basis of race; and
- direct the Department of Labor to educate employers and reward them for achievements to eliminate pay inequities.

S. 702, the *Fair Pay Act*, would:

- amend the *Fair Labor Standards Act of 1938* to prohibit discrimination in the payment of wages on the basis of sex, race or national origin;
- direct employers to determine equivalent or comparable jobs within their own workplaces based on skill, effort, responsibility and working conditions; make necessary adjustments to achieve pay equity; and prohibit them from reducing other employees’ wages to do so;
- require public disclosure of employer job categories and their pay scales without requiring specific information on individual employees; and
- exempt small businesses (with 25 employees or fewer in the first two years; with 15 or fewer employees after two years) from these requirements.

The Differences Between Republicans and Democrats on Pay Equity

- Republicans have proposed NO legislation to close the wage gap and continue to embrace the status quo by maintaining that no such gap exists.
- Democrats read the statistics, recognize that pay inequities persist, and have introduced legislation to close the gap.

The Democratic proposals, **S. 74**, the *Paycheck Fairness Act*, and **S. 702**, the *Fair Pay Act*, would help eliminate wage discrimination against women in the workplace. Democrats will continue to fight for pay equity for millions of American women.